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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Alderman
Town of Sunflower
SUNFLOWER, MISSISSIPPI

We have compiled the accompanying statement of cash receipts and disbursements - all fund types of the Town of Sunflower, Mississippi, for the year ended September 30, 2003, and the accompanying supplementary information - cash basis on page 6 and 7, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of the management of the Town of Sunflower. We have not audited or reviewed the accompanying statement of cash receipts and disbursements - all fund types and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on it.

Management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared on the cash receipts and disbursements basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

Fred T Neely & Company
Certified Public Accountants

August 2, 2004

TOWN OF SUNFLOWER, MISSISSIPPI

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TOWN OF SUNFLOWER, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-ALL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

| | GOVERNMENTAL FUNDS | | PROPRIETARY FUND | Totals (Memorandum Only) |
|--|--------------------|--------------------|---------------------|-----------------------------|
| | General | Special Revenue | Water and Sewer | September 30, 2003 |
| REVENUE RECEIPTS: | | | | |
| General Property Taxes: | | | | |
| Current levy-real, personal & utility | \$ 62,424.87 | \$ | \$ | \$ 62,424.87 |
| Auto & mobile home | 28,439.06 | | | 28,439.06 |
| Prior year | 6,032.38 | | | 6,032.38 |
| Penalties and interest on delinquent taxes | 4,210.80 | | | 4,210.80 |
| Total Taxes | <u>101,107.11</u> | | | <u>101,107.11</u> |
| Licenses and Permits: | | | | |
| Permits and privilege licenses | 1,520.11 | | | 1,520.11 |
| Franchise fees | 12,162.45 | | | 12,162.45 |
| Total licenses and permits | <u>13,682.56</u> | | | <u>13,682.56</u> |
| Intergovernmental Revenues: | | | | |
| USDA-Rural Development | | | | |
| COPS | 66,979.01 | | | 66,979.01 |
| Total Federal Grants | <u>66,979.01</u> | | | <u>66,979.01</u> |
| State Grants | | | | |
| General municipal aid | 362.78 | | | 362.78 |
| Homestead exemption | 11,699.85 | | | 11,699.85 |
| Forestry Grant | | | | |
| Community Development | | 7,450.68 | | 7,450.68 |
| Total state grants | <u>12,062.63</u> | <u>7,450.68</u> | | <u>19,513.31</u> |
| State Shared Revenues | | | | |
| General sales tax | 22,030.03 | | | 22,030.03 |
| Motor vehicle fuel tax | 1,923.91 | | | 1,923.91 |
| Alcoholic beverage license | 900.00 | | | 900.00 |

See Accountant's Accompanying Report

TOWN OF SUNFLOWER, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-ALL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

| | GOVERNMENTAL FUNDS | | PROPRIETARY FUND | Totals (Memorandum Only) |
|--------------------------------------|----------------------|--------------------|----------------------|-----------------------------|
| | General | Special Revenue | Water and Sewer | September 30, 2003 |
| REVENUE RECEIPTS: (Cont'd.) | | | | |
| Intergovernmental Revenue: (Cont'd.) | | | | |
| State Shared Revenues: (Cont'd.) | | | | |
| Grand Gulf | \$ 5,115.22 | \$ | \$ | \$ 5,115.22 |
| Utility taxes | 964.25 | | | 964.25 |
| Fire Protection | 3,145.88 | | | |
| Total state shared revenues | <u>34,079.29</u> | | | <u>34,079.29</u> |
| County Shared Revenues: | | | | |
| Pro-rata county road taxes | 3,124.42 | | | 3,124.42 |
| County fire funds | 8,872.60 | | | 8,872.60 |
| Total county shared revenues | <u>11,997.02</u> | | | <u>11,997.02</u> |
| Total intergovernmental revenues | <u>125,117.95</u> | <u>7,450.68</u> | | <u>132,568.63</u> |
| Charges for Services: | | | | |
| Water, Sewer and garbage | | | 239,909.64 | 239,909.64 |
| Fines and Forfeits: | | | | |
| Police fines | 15,349.69 | | | 15,349.69 |
| Miscellaneous: | | | | |
| Interest | 752.38 | | 3,903.04 | 4,655.42 |
| Sale of fixed assets | | | | 2,186.30 |
| Other miscellaneous | 520.20 | | | 520.20 |
| Total miscellaneous | <u>1,272.58</u> | | <u>3,903.04</u> | <u>7,361.92</u> |
| Total Revenues: | <u>\$ 256,529.89</u> | <u>\$ 7,450.68</u> | <u>\$ 243,812.68</u> | <u>\$ 507,793.25</u> |
| Cash Balance-Beginning of Year | <u>45,953.12</u> | <u>100.00</u> | <u>152,292.83</u> | <u>198,345.95</u> |
| TOTAL AMOUNT TO ACCOUNT FOR | <u>\$ 302,483.01</u> | <u>\$ 7,550.68</u> | <u>\$ 396,105.51</u> | <u>\$ 706,139.20</u> |

See Accountant's Accompanying Report

TOWN OF SUNFLOWER, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-ALL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

| | GOVERNMENTAL FUNDS | | PROPRIETARY FUND | Totals (Memorandum Only) |
|-----------------------------------|--------------------|--------------------|---------------------|-----------------------------|
| | General | Special Revenue | Water and Sewer | September 30, 2003 |
| OPERATING DISBURSEMENTS: | | | | |
| General Government: | | | | |
| Personal Services | \$ 22,834.22 | \$ | \$ | \$ 22,834.22 |
| Utilities | 13,613.31 | | | 13,613.31 |
| Insurance | 8,514.22 | | | 8,514.22 |
| Repairs, maintenance and supplies | 612.86 | | | 612.86 |
| Office | 763.65 | | | 763.65 |
| Contributions to library | (1,000.00) | | | (1,000.00) |
| Property Tax Expense | 1,016.00 | | | 1,016.00 |
| Telephone | 1,846.60 | | | 1,846.60 |
| Travel, dues and CPE | 6,503.48 | | | 6,503.48 |
| Advertising | 636.62 | | | 636.62 |
| Legal and professional services | 21,253.43 | | | 21,253.43 |
| Miscellaneous other | 25.85 | | | 25.85 |
| Total general government | <u>76,620.24</u> | | | <u>76,620.24</u> |
| Public Safety: | | | | |
| Police: | | | | |
| Personal services | 108,040.39 | | | 108,040.39 |
| Utilities | 1,293.78 | | | 1,293.78 |
| Insurance | 3,635.00 | | | 3,635.00 |
| Telephone | 2,013.00 | | | 2,013.00 |
| Travel, training and uniforms | 1,001.42 | | | 1,001.42 |
| Gas and oil | 4,236.77 | | | 4,236.77 |
| Repairs, maintenance and supplies | 4,628.54 | | | 4,628.54 |
| Office | 1,553.69 | | | 1,553.69 |
| Dues & Fees | 9,052.50 | | | |
| MDEZA Grant Expense | 4,149.99 | | | |
| Total police | <u>139,605.08</u> | | | <u>126,402.59</u> |

See Accountant's Accompanying Report

TOWN OF SUNFLOWER, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-ALL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

| | GOVERNMENTAL FUNDS | | PROPRIETARY FUND | Totals (Memorandum Only) |
|--|--------------------|--------------------|---------------------|-----------------------------|
| | General | Special Revenue | Water and Sewer | September 30, 2003 |
| OPERATING DISBURSEMENTS: (Cont'd.) | | | | |
| Public Safety: (Cont'd.) | | | | |
| Fire: | | | | |
| Utilities | \$ 3,653.12 | \$ | \$ | \$ 3,653.12 |
| Repairs, Maintenance, and Supplies | 309.41 | | | 309.41 |
| Telephone | 2,063.22 | | | 2,063.22 |
| Gas and oil | 440.53 | | | 440.53 |
| Insurance | | | | |
| Total fire | <u>6,466.28</u> | | | <u>6,466.28</u> |
| Total public safety | <u>146,071.36</u> | | | <u>146,071.36</u> |
| Welfare: | | | | |
| HUD Rehabilitation project | | <u>7,450.68</u> | | 7,450.68 |
| Water, Sewer and Garbage: | | | | |
| Personal Services | | | 72,162.29 | 72,162.29 |
| Repairs, maintenance and supplies | | | 20,154.74 | 20,154.74 |
| Utilities and telephone | | | 24,574.77 | 24,574.77 |
| Insurance | | | 10,167.78 | 10,167.78 |
| Garbage collection fees | | | 26,029.40 | 26,029.40 |
| Office | | | 1,754.42 | 1,754.42 |
| Water Analysis | | | 8,193.00 | 8,193.00 |
| Gas and oil | | | 4,491.23 | 4,491.23 |
| Dues and Subscriptions | | | 841.00 | 841.00 |
| Other miscellaneous | | | 1,762.55 | 1,762.55 |
| Interest on bonds, notes & capital lease | | | <u>10,501.68</u> | <u>12,832.76</u> |
| Total water, sewer and garbage | | | <u>180,632.86</u> | <u>180,632.86</u> |
| Total operating disbursements | <u>222,691.60</u> | <u>7,450.68</u> | <u>180,632.86</u> | <u>410,775.14</u> |

See Accountant's Accompanying Report

TOWN OF SUNFLOWER, MISSISSIPPI
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-ALL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

| | GOVERNMENTAL FUNDS | | PROPRIETARY FUND | Totals (Memorandum Only) |
|---|----------------------|--------------------|----------------------|-----------------------------|
| | General | Special Revenue | Water and Sewer | September 30, 2003 |
| OTHER DISBURSEMENTS: | | | | |
| Bond, note & capital lease principal payments | \$ | \$ | \$ 21,825.20 | \$ 21,825.20 |
| Capital outlay | 1,405.00 | | 619.98 | 2,024.98 |
| Interfund transfers | | | | |
| In, Out (-) | 507.00 | | (507.00) | - |
| Total other disbursements | <u>1,912.00</u> | | <u>21,938.18</u> | <u>23,850.18</u> |
| Total Disbursements | <u>224,603.60</u> | <u>7,450.68</u> | <u>202,571.04</u> | <u>434,625.32</u> |
| Cash Balance-End of Year | 77879.41 | 100.00 | 193,534.47 | 271,513.88 |
| TOTAL AMOUNT ACCOUNTED FOR | <u>\$ 302,483.01</u> | <u>\$ 7,550.68</u> | <u>\$ 396,105.51</u> | <u>\$ 706,139.20</u> |

See Accountant's Accompanying Report

TOWN OF SUNFLOWER, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2003

| | Transactions During Fiscal Year | | | |
|--|--|--------|---------------------|---|
| | Balance Outstanding October 1, 2002 | Issued | Redeemed | Balance Outstanding September 30, 2003 |
| REVENUE BONDS: | | | | |
| Single registered 5% bond, Originally issued for \$250,000, due in annual payments of \$15,623 | \$ 74,998.14 | | \$ 11,873.09 | \$ 63,125.05 |
| Single registered 5% bond, originally issued for \$65,100 due in equal amortized payments of \$4,068.75. Have entered into \$339.06 supplementary monthly payment agreement | 35,733.07 | | 2,335.35 | 33,397.72 |
| Single registered 4.5% bond, originally issued for \$100,000 due in equal monthly payments of \$507.00 | 97,258.49 | | 1,743.38 | 95,515.11 |
| NOTE PAYABLE: | | | | |
| GMAC, 36 month, 12.174%, effective annual rate on a \$16,450 Chevrolet pickup. Origination date began with the 1st of 36 monthly payments (\$545.93) on March 23, 2001. The sub- sequent payments are due on the 23rd of each month. | 8,529.61 | | 5,873.40 | 2,656.21 |
| Total long-term debt | <u>\$ 216,519.31</u> | | <u>\$ 21,825.22</u> | <u>\$ 194,694.09</u> |

See Accountant's Accompanying Report

TOWN OF SUNFLOWER
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2003

| Name | Position | Surety | Amount |
|----------------------------------|-------------------------|--------------------------|-----------|
| Marlene Murphy | Deputy City Clerk | St. Paul | \$ 50,000 |
| Joyce Walker | City Clerk | St. Paul | 100,000 |
| Betty Fowler | Mayor | St. Paul | 25,000 |
| Betty Fowler and Joyce Walker | Mayor and City Clerk | St. Paul Blanket Bond | 100,000 |
| Rochelle Stapleton | Police Chief | St. Paul | 50,000 |
| Tabatha Norwood Jones | Alderman | St. Paul | 10,000 |
| W. L. Patterson | Alderman | St. Paul | 10,000 |
| Oscar Isom, Jr. | Alderman | St. Paul | 10,000 |
| Linda Faye Williams | Alderman | St. Paul | 10,000 |
| Mildred Ann Hawthorne | Alderman | St. Paul | 10,000 |

See Accountant's Accompanying Report

FRED T. NEELY & COMPANY
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311 WEST FLOYCE STREET
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**SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR THE
TOWN OF SUNFLOWER, MS**

Honorable Mayor and
Board of Aldermen
Town of Sunflower, MS

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Sunflower, Mississippi, as of September 30, 2003, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for use of the governing body of the Town of Sunflower, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks.

| <u>Bank</u> | <u>Fund</u> | <u>Balance Per General Ledger</u> |
|---------------------------|----------------------|---------------------------------------|
| Planters Bank: | | |
| Checking: | | |
| House | Special Revenue Fund | \$ 100.00 |
| Money Market: | | |
| Insurance Settlement | General/Water | 12,838.20 |
| Fire Protection | Special Revenue Fund | 25,234.30 |
| Depreciation | Water/Sewer | 5,821.39 |
| Cushion | Water/Sewer | 4,664.54 |
| Contingent | Water/Sewer | 1,183.62 |
| Interest & Sinking | Water/Sewer | 61,289.86 |
| Now Account: | | |
| General Fund – operating | General Fund | 10,530.83 |
| Water & Sewer – operating | Water/Sewer | 66,493.88 |
| Municipal Crime | General Fund | 1.62 |
| COPS Universal Hiring | General Fund | 27,345.47 |
| Court | General Fund | 1,934.84 |
| Fire/Police Building | General Fund | 77.01 |
| Rural Development Loan | Water/Sewer | 855.28 |

Certificates of Deposit:

| | | |
|-----------|-------------|-----------------------------|
| 12 months | Water/Sewer | 21,137.22 |
| 12 months | Water/Sewer | 21,137.22 |
| 12 months | Water/Sewer | <u>10,568.60</u> |
| Total | | <u><u>\$ 271,513.88</u></u> |

2. The Town of Sunflower had no investments as of September 30, 2003.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a. Proved the mathematical accuracy of the tax rolls but could not trace levies back to minutes.
 - b. Reconciled the amount of taxes levied per the tax rolls to amounts collected.
 - c. Examined uncollected taxes for proper handling, including tax sales.
 - d. Traced distribution of taxes collected to proper fund.
 - e. Analyzed increase in taxes for most recent period for compliance with increase of limitations of Sections 27-39-320 to 27-39-323, Miss Code Ann. (1972).

Tax assessments were found to be mathematically correct and in agreement with collections as follows:

| | <u>Taxable Assessed Value</u> | <u>Millage</u> | <u>Levy</u> |
|-----------------------------------|---------------------------------------|----------------|-----------------------------|
| Realty Property | \$ 1,093,176 | 69.32 | \$ 75,778.96 |
| Public Utilities | 65,188 | 69.32 | 4,518.83 |
| Personal Property | 202,491 | 69.32 | 14,036.67 |
| Automobiles and mobile homes | 431,850 | 69.32 | 29,935.85 |
| Less: Homestead | <u>292,025</u> | <u>69.32</u> | <u>20,243.17</u> |
| Total | \$ 1,500,680 | 69.32 | \$104,027.14 |
| Homestead allowed and collected | | | 11,699.85 |
| County Tax Collector's Commission | | | -1,496.79 |
| Interest & Penalties | | | 4,210.80 |
| Prior Year | | | <u>6,032.38</u> |
| Total to be Accounted for | | | <u><u>\$ 124,473.38</u></u> |

| | <u>Taxes</u> | <u>Homestead Reimbursement</u> | |
|---------------------|--------------|------------------------------------|----------------------|
| General Fund | \$101,296.44 | \$ 11,699.85 | \$ 112,806.96 |
| Unpaid Taxes | | | 11,743.71 |
| Other | | | <u>-77.29</u> |
| Total Accounted for | | | <u>\$ 124,473.38</u> |

The distribution of taxes to funds was found to be in accordance within prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

| <u>Payment Purpose</u> | <u>Receiving Fund</u> | <u>Ledger Amount</u> |
|------------------------|-----------------------|----------------------|
| Sales Tax Allocation | General Fund | \$ 22,030.03 |
| Homestead Exemption | General Fund | 11,699.85 |
| Nuclear Funds | General Fund | 5,115.22 |
| Fire Protection | General Fund | 3,145.88 |
| Gasoline Tax | General Fund | 1,923.91 |
| City Utility | General Fund | 964.25 |
| Liquor Privilege Tax | General Fund | 900.00 |
| General Municipal Aid | General Fund | 362.78 |
| Home Project Grant | Special Revenue Fund | 7,450.68 |
| Total State Funds | | <u>\$ 53,592.60</u> |

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

| | |
|------------------------------|--------------|
| Number of sample items | 28 |
| Total Dollar Value of Sample | \$ 83,706.55 |

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate compliance with state requirements.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the items specified in Paragraphs 1,2, and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Sunflower, Mississippi, for the year ended September 30, 2003.

August 2, 2004